

**MINUTES**  
**State Allocation Board**  
**September 26, 2007**

Upon notice duly given, the monthly meeting of the State Allocation Board was held in Room 4203 of the State Capitol in Sacramento, California on September 26, 2007 at 2:00 p.m.

Members of the Board present were as follows:

- Anne Sheehan, Chief Deputy Director, Policy, Department of Finance, designated alternate for Michael Genest, Director, Department of Finance
- Doug Button, Deputy Director, Real Estate Services Division, Department of General Services, designated alternate for Will Bush, Director, Department of General Services
- Kathleen Moore, Director, School Facilities Planning Division, California Department of Education, designated representative for Jack O'Connell, Superintendent of Public Instruction
- Rosario Girard, President and CEO, Phoenix Construction Services, Inc., appointee of Arnold Schwarzenegger, Governor of the State of California
- Senator Bob Margett
- Senator Jack Scott
- Senator Joe Simitian
- Assembly Member Gene Mullin
- Assembly Member Jean Fuller
- Assembly Member Kevin de León

Representatives of the State Allocation Board (SAB) were as follows:

Rob Cook, Executive Officer  
Lori L. Morgan, Deputy Executive Officer  
Mavonne Garrity, Assistant Executive Officer

Representatives of the Department of General Services, Office of Public School Construction (OPSC), were as follows:

Rob Cook, Executive Officer  
Lori L. Morgan, Deputy Executive Officer

Representative of the Department of General Services, Office of Legal Services, was as follows:

Henry D. Nanjo, Senior Staff Counsel

With a quorum present, Anne Sheehan, Chair, called the meeting to order at 2:02 p.m.

**PRIOR MINUTES**

A motion was made and carried to approve the Minutes for the August 22, 2007 SAB meeting.

**EXECUTIVE OFFICER'S STATEMENT**

The Executive Officer informed the Board that the Office of Administrative Law (OAL) approved the Overcrowding Relief Grant regulations on August 31, 2007, and the regulations have been posted to the OPSC Web site.

The Board inquired as to the status of the High Performance Incentive Grant regulations and it was stated that the OAL would be having a file review on the regulations today (September 26, 2007).

With regard to audit process improvements, the Executive Officer informed the Board that the Macias Consulting Group would be making a presentation of the findings on the overall efficiency and effectiveness of the Financial Hardship Program under the School Facility Program. It was stated that the OPSC would develop a work plan to implement the recommendations provided by the Macias Consulting Group. The Executive Officer also stated that the OPSC learned a great deal from the review, and based on the findings and recommendations can strengthen the primary audit program as well. The OPSC will notify school districts through Advisory Actions newsletter and individual letter prior to the implementation of the new audit process in January 2008. These measures are essential to maintain the integrity of and ensure the continued success of the School Facility Program. The Board asked if the OPSC had edit authority over the report and the Executive Officer responded that the OPSC made technical corrections to an earlier version of the report, such as references and numbers that were incorrect, but as far as the findings of the study, those are the consultant's findings.

The Executive Officer provided the Board with an update concerning the Grant Adequacy analysis methodology and stated that the Macias Consulting Group plans to have the methodology completed by the end of September. The proposed methodology will be reviewed by the Legislative Analyst's Office and will be formally presented at a publicly noticed meeting on October 5, 2007, which will include the Grant Adequacy Ad Hoc Committee and SAB Implementation Committee members, along with a broad array of interested parties. The proposed methodology will also be posted on the OPSC's Web site.

Lastly, the Board requested a summary of legislative bills for the October SAB meeting that could affect SAB Programs.

**CONSENT ITEMS**

In considering this item, the Board approved the consent calendar as presented. However, Ms. Moore abstained from voting on the agenda items for the Elk Grove Unified School District but voted for all others.

**FINANCIAL REPORTS*****Status of Funds***

The Board accepted the Status of Funds report as presented. A Board member expressed a concern regarding the funding for the Emergency Repair Program. The Executive Officer reiterated to the Board that there is language in the Budget Act that will allow the Department of Finance to replenish additional funds in the Emergency Repair account if necessary.

**SPECIAL CONSENT ITEMS*****Davis Joint Unified/Yolo 50/72678-00-006***

The Board expressed concerns regarding future funding requests from school districts in the same situation as Davis and directed staff to work with the SAB's legal counsel and write to the Attorney General's Office to obtain a more definitive opinion on the Board's authority as it relates to the Davis issue; seek clarification on the informal legal opinion already obtained by the Board. Mr. Ernest Silva, representing the Davis Joint Unified School District, asked the Board for clarity regarding the funding for the District and the OPSC's ability to process the release of funds. The Board stated that the OPSC will process the funding in a timely manner. The Chair requested a roll-call vote and the motion, which was to approve \$4,514,758 for reimbursement of the District's new construction project, carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Margett	X			
Senator Scott	X			
Senator Simitian	X			
Assembly Member Mullin			X	
Assembly Member Fuller	X			
Assembly Member de León	X			
Doug Button	X			
Kathleen Moore	X			
Rosario Girard	X			
Anne Sheehan			X	
Total	8		2	

**Motion:**

Carried   X    
Failed       

***Monterey Peninsula Unified/Monterey 58/66092-00-001, 002, 003, and 005***

In considering this item, the Board approved the staff's recommendations.

***Coachella Valley Unified/Riverside 51/73676-00-001***

In considering this item, the Board approved the staff's recommendations.

***Santa Maria Joint Union High/Santa Barbara 58/69310-00-001***

In considering this item, the Board approved the staff's recommendations.

***Pasadena Unified/Los Angeles 57/64881-00-002, 003, and 006***

This item was withdrawn.

**SPECIALS/APPEALS*****Millbrae Elementary/San Mateo***

In considering this item, the Board approved the staff's recommendations. The date of September 26, 2007 will begin the ten-year clock that the District cannot participate in any SAB administered programs (until September 2017).

***Val Verde Unified/Riverside 50/75242-00-00***

Mr. Mike Boyd, Deputy Superintendent, Business Services, and Ms. Sandee Hackett, Director of Facilities for the School District, addressed the Board requesting that the Board postpone a final decision on the matter pending the outcome of the litigation. Mr. Boyd also stated that the situation with Val Verde Unified School District is similar to the situations for the Santa Maria Joint Union High and Davis Joint Unified School Districts. After a discussion, the Board requested five separate roll-call votes on the staff's recommendations. The Chair requested the first roll-call vote and the motion, which the Board made a finding that material inaccuracies had occurred, carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Margett		X		
Senator Scott	X			
Senator Simitian	X			
Assembly Member Mullin	X			
Assembly Member Fuller	X			
Assembly Member de León	X			
Doug Button	X			
Kathleen Moore	X			
Rosario Girard	X			
Anne Sheehan	X			
Total	9	1		

**Motion:**Carried   X  Failed       

The Chair requested the second roll-call vote and the motion, which directs the District to repay \$12,504,792 within a period of no more than five years from the date of this action, carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Margett		X		
Senator Scott	X			
Senator Simitian	X			
Assembly Member Mullin	X			
Assembly Member Fuller	X			
Assembly Member de León	X			
Doug Button	X			
Kathleen Moore	X			
Rosario Girard			X	
Anne Sheehan	X			
Total	8	1	1	

**Motion:**Carried   X  Failed

**SPECIALS/APPEALS** (cont.)***Val Verde Unified/Riverside 50/75242-00-00*** (cont.)

The Chair requested the third roll-call vote and the motion, which prohibits the District from self-certifying project information for a period of five years from the date of this action, carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Margett	X			
Senator Scott	X			
Senator Simitian	X			
Assembly Member Mullin	X			
Assembly Member Fuller	X			
Assembly Member de León	X			
Doug Button	X			
Kathleen Moore	X			
Rosario Girard	X			
Anne Sheehan	X			
Total	10			

**Motion:**Carried   X  Failed       

The Chair requested the fourth roll-call vote and the motion, which charges the District \$100 per hour for the additional hours necessary to process and review the District's applications (based on the inability to self-certify), failed per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Margett		X		
Senator Scott	X			
Senator Simitian	X			
Assembly Member Mullin	X			
Assembly Member Fuller		X		
Assembly Member de León	X			
Doug Button	X			
Kathleen Moore		X		
Rosario Girard		X		
Anne Sheehan		X		
Total	5	5		

**Motion:**Carried       Failed   X

**SPECIALS/APPEALS** (cont.)***Val Verde Unified/Riverside 50/75242-00-00*** (cont.)

The Chair requested the fifth and final roll-call vote and the motion, which applies the remaining \$53,476,443 of Certificate of Participation (COPs) proceeds, plus \$35,757,978 of COP proceeds pending the outcome of the current Financial Hardship review, for a total of \$89,234,421 as district contribution to the District's next Financial Hardship project approval(s), or in accordance with the current Financial Hardship approval amount under the School Facility Program regulations, carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Margett		X		
Senator Scott	X			
Senator Simitian	X			
Assembly Member Mullin	X			
Assembly Member Fuller	X			
Assembly Member de León	X			
Doug Button	X			
Kathleen Moore	X			
Rosario Girard	X			
Anne Sheehan	X			
Total	9	1		

**Motion:**Carried   X  Failed       ***Val Verde Unified/Riverside 50/75242-00-025***

Ms. Sandee Hackett, Director of Facilities for the Val Verde Unified School District, addressed the Board and provided an update on the status of the May Ranch Elementary School. It was clarified by the SAB's legal counsel that the decision to approve this item would be consistent with the decision made by the Board at the August 22, 2007 SAB meeting. The Chair requested a roll-call vote and the motion, which was to approve the District's funding request in the amount of \$4,174,516 for the May Ranch Elementary School as a 50/50 new construction project, carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Margett		X		
Senator Scott	X			
Senator Simitian	X			
Assembly Member Mullin	X			
Assembly Member Fuller	X			
Assembly Member de León	X			
Doug Button	X			
Kathleen Moore	X			
Rosario Girard	X			
Anne Sheehan	X			
Total	9	1		

**Motion:**Carried   X  Failed

**SPECIALS/APPEALS** (cont.)***Assembly Bill 127 Grant Increase – Project Information Worksheet***

Mr. Tom Duffy, representing the Coalition for Adequate School Housing (CASH), addressed the Board concerning the Project Information Worksheet and informed the Board that it was not the perfect document to collect project cost data. The Board continued to discuss the Project Information Worksheet and some Board members reiterated the need of collecting the data immediately, and that further modifications to the worksheet would be considered in the future, if necessary. In addition, the Board made it very clear that the Project Information Worksheet was required and not an option. A motion was made, and carried, that the Board move forward and use the form until the end of the calendar year, monitor the results and revisit it in January 2008, if necessary. However, Assembly Member Fuller voted against the motion.

***Manzanita Elementary/Butte 22/61499-00-001***

Mr. Brad Roberts, Principal/Superintendent of the Manzanita Elementary School District, and Mr. David Anderson, School Board President of the School District, addressed the Board to request the Board's support. A motion was made, and carried, that the staff: 1) conduct further research to see if there is a way to look at the uniqueness of this situation; 2) look at a pro-ration for the amount owed to the State without setting a precedent; and, 3) put this item over for a month.

**REGULATIONS*****Deferred Maintenance Program Regulation Amendments***

In considering this item, the Board approved the staff's recommendations.

***Seismic Mitigation Regulation Amendments***

Mr. Tom Duffy, representing the CASH, addressed the Board and suggested that the Board consider an unfunded list, interim housing costs, and funding ancillary costs. Mr. Marc Winger, Superintendent of the Newhall School District, addressed the Board regarding the issue of retroactivity for funding seismic projects that have been on the Assembly Bill 300 list. Mr. Bill Savidge, representing the West Contra Costa Unified School District, addressed the Board and indicated that the acceleration values within the proposed regulations are very restrictive and stated that the costs for interim housing should be part of the seismic funding.

**REGULATIONS** (cont.)***Seismic Mitigation Regulation Amendments*** (cont.)

The Chair requested a roll-call vote and the motion, which was to approve Option A (all costs from the \$199.5 million seismic funds), carried per the following votes:

MEMBER	AYE	NAY	ABSTAIN	ABSENT
Senator Margett	X			
Senator Scott	X			
Senator Simitian	X			
Assembly Member Mullin		X		
Assembly Member Fuller			X	
Assembly Member de León			X	
Doug Button	X			
Kathleen Moore			X	
Rosario Girard	X			
Anne Sheehan	X			
Total	6	1	3	

**Motion:**Carried   X  Failed       ***High Performance Incentive Grant Regulations***

In considering this item, the Board accepted the report.

**REPORTS*****Macias Consulting Group's Report on Financial Hardship Program***

Ms. Denise Callahan, partner in the Macias Consulting Group, presented a powerpoint presentation to the Board and discussed the results of the evaluation on the Financial Hardship Program. Mr. Tom Duffy, representing CASH, addressed the Board concerning the Macias report. The Board requested staff to develop a work plan (include training and proposals for regulatory change), explain what is being improved upon administratively, and bring the work plan back at the October SAB meeting.

***Little Hoover Commission Report***

Mr. Dan Hancock, Chairman of the Little Hoover Commission, presented to the Board the Little Hoover Commission report entitled, "The State Allocation Board: Improving Transparency and Structure." Mr. Ted Rozzi, Chair of the CASH organization, addressed the Board by summarizing the comments he provided at the Little Hoover Commission hearing. This was a presentation only; therefore, there was no action to be taken by the Board.



**INFORMATION/REFERENCE**

***Remaining SAB Meeting Dates for the Calendar Year 2007***

***School Facility Program Workload List - Applications Received Through September 5, 2007***

***Deferred Maintenance Program Unfunded List as of August 22, 2007***

***Facility Hardship/Rehabilitation Approvals Without Funding List as of August 22, 2007***

**ADJOURNMENT**

There being no further business to come before the Board, the Chair adjourned the meeting at 6:25 p.m.

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**ROB COOK, Executive Officer**